

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 INRE-00 USIE-00 AID-05
CEA-01 CIAE-00 COME-00 EB-08 EA-12 FRB-01 INR-07
IO-14 NEA-10 NSAE-00 OPIC-06 SP-02 TRSE-00 LAB-04
SIL-01 AGRE-00 OMB-01 SS-15 L-03 /103 W
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O R 061622Z JAN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 3934
INFO ALL OECD CAPITALS
AMEMBASSY BRUSSELS

UNCLAS SECTION 01 OF 02 PARIS 00416

USOECD

E.O. 11652: N/A
TAGS: OECD, EGEN
SUBJECT: JANUARY 13 MEETING OF OECD EXECUTIVE
COMMITTEE IN SPECIAL SESSION (XCSS): LETTER FROM
CHAIRMAN JOLLES

1. XCSS CHAIRMAN PAUL JOLLES HAS SENT LETTER DATED
JANUARY 3 TO ALL HEADS OF DELEGATION CONCERNING THE
JANUARY 13 MEETING. OF SPECIAL INTEREST IS JOLLES'S
DESIRE TO HAVE DISCUSSION CENTER ON AGENDA ITEMS 3 AND
4 ON THE CURRENT ECONOMIC SITUATION AND THE STATE OF
INTERNATIONAL ECONOMIC RELATIONS. JOLLES SUGGESTS
STARTING THE DISCUSSION BY LOOKING AT TYPES OF
ADJUSTMENT PROBLEMS AND THE NATURE OF CONSTRAINTS WHICH
UNDERLY PRESENT DIFFICULTIES. JOLLES WOULD PREFER
THAT NORTH-SOUTH RELATIONS (ITEM 5) BE DISCUSSED AS
AN ELEMENT OF THE WORLDWIDE ECONOMIC SITUATION AND
NOT SO MUCH AS A SEPARATE ITEM. HE DOES NOT SEE THE
ISSUES OF COMMODITIES AND DEBT AS REQUIRING LENGTHY
DISCUSSION, THOUGH HE DOES BELIEVE THE LONG-TERM
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APPROACH TO NORTH-SOUTH RELATIONS WILL NEED FULL
ATTENTION. PROCEDURALLY, JOLLES WISHES TO FOLLOW
THE FORMAT OF SHORT INTERVENTIONS INTRODUCED BY
SECRETARY MARSHALL AT THE YOUTH UNEMPLOYMENT CONFERENCE.

2. FULL TEXT OF JOLLES'S LETTER FOLLOWS:
BEGIN TEXT:

DEAR COLLEAGUES,

THE OECD SECRETARIAT HAS DISTRIBUTED THE ANNOTATED AGENDA FOR THE NEXT MEETING OF THE EXECUTIVE COMMITTEE IN SPECIAL SESSION WHICH WILL TAKE PLACE ON 13TH JANUARY, 1978, AND IF NECESSARY BE CONTINUED UNTIL LUNCH-TIME ON SATURDAY, 14TH JANUARY. FURTHER-MORE, THE SECRETARIAT HAS JUST DISTRIBUTED AN EXCELLENT AND THOUGHT-PROVOKING NOTE ON "TRADE AND STRUCTURAL PROBLEMS IN THE PRESENT ECONOMIC SITUATION." THE ISSUES RAISED ARE SO COMPLEX THAT IT WILL BE IMPORTANT TO ORGANIZE OUR DEBATE IN A MANNER WHICH WILL PERMIT TO REACH MEANINGFUL, AND, IF POSSIBLE, OPERATIONAL CONCLUSIONS ABOUT THE TYPES OF INTERNATIONAL COOPERATION TO BE ENVISAGED BY OUR ORGANIZATION IN ORDER TO MEET THE PRESSING REQUIREMENTS OF THE PRESENT SITUATION.

I AM OF THE OPINION THAT THE DEBATE WILL HAVE TO CENTER MAINLY ON ITEMS 3 AND 4, I.E. THE CURRENT ECONOMIC SITUATION AND THE STATE OF INTERNATIONAL ECONOMIC REALTIONS. IT SEEMS TO ME THAT THE WORLD ECONOMY HAS ARRIVED AT A CRITICAL CROSSROADS. ALTHOUGH THE SITUATION HAS IMPROVED SOMEWHAT WITH RESPECT TO BALANCES OF PAYMENTS AND INFLATION, LOW GROWTH AND UNCLASSIFIED

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SUBSTANTIAL UNEMPLOYMENT ARE SHOWING A RATHER PERSISTENT CHARACTER AND GOVERNMENTS FIND IT MORE AND MORE DIFFICULT TO RESIST PROTECTIONIST PRESSURES. INDEED, A NUMBER OF MEASURES HAVE BEEN TAKEN LATELY WHICH--WHATEVER THE MERITS OF THE PARTICULAR CASES MAY BE--RAISE SERIOUS QUESTIONS WITH RESPECT TO THE FUTURE OF OUR TRADING SYSTEM.

IN THIS CONTEXT, THE PACE AND THE NATURE OF THE ONGOING ADJUSTMENT PROCESS PLAY A KEY ROLE. IT MAY, THEREFORE, BE USEFUL TO START OUR DISCUSSION BY LOOKING AT THE TYPE OF ADJUSTMENT PROBLEMS AND THE NATURE OF THE CONSTRAINTS WHICH ARE THE UNDERLYING CAUSES OF THE PRESENT DIFFICULTIES AND OF THE EMERGENCE OF DISRUPTIVE TRADE PRACTICES. IN THIS CONTEXT, THE NEED FOR COPING WITH THE WORLDWIDE ENERGY SITUATION, FOR STRUCTURAL CHANGES AND FOR THE INTEGRATION OF LDC'S INTO THE WORLD ECONOMY--TO MENTION JUST THESE THREE ELEMENTS--WILL ALSO HAVE TO BE BORN IN MIND.

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IT WILL THEN BE THE TASK OF THE EXECUTIVE COMMITTEE IN SPECIAL SESSION TO DISCUSS THOSE POLICY RESPONSES WHICH CAN MEANINGFULLY BE DEvised IN A COOPERATIVE FRAMEWORK SUCH AS OECD. IN OTHER WORDS, THE EXECUTIVE COMMITTEE IN SPECIAL SESSION HAS IN MY VIEW A LARGE RESPONSIBILITY IN HIGHLIGHTING WITH GREAT FRANKNESS THE MAJOR IMPLICATIONS OF THE PRESENT SITUATION FOR THE WORK UNDERWAY WITHIN THE VARIOUS OECD BODIES AND IN PREPARING FOR THE TYPE OF POSSIBLE MAJOR POLICY COMMITMENTS SUCH AS THOSE MENTIONED IN CE(78)1 ESPECIALLY IN PARAGRAPHS 14, 16, 19, 20 AND 24.

ITEM 5 (NORTH-SOUTH RELATIONS) SHOULD NOT, AS IT HAS AT SOME PREVIOUS SESSIONS, TAKE THE BULK OF OUR TIME. IT CAN BE DISCUSSED WITHIN THE CONTEXT OF THE WORLD-WIDE ECONOMIC SITUATION AND NOT SO MUCH AS A SEPARATE ITEM. FURTHERMORE, THE ISSUES OF COMMODITIES AND DEBT, ON WHICH THE ANNOTATIONS DWELL AT SOME LENGTH, DO NOT IN MY VIEW REQUIRE LENGTHY DETAILED DISCUSSIONS
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IN THE EXECUTIVE COMMITTEE IN SPECIAL SESSION.
INDEED, OTHER OECD BODIES ARE ENGAGED IN EXAMINING THE
SITUATION AND IN PREPARING FOR FUTURE NEGOTIATIONS.
NEVERTHELESS, THE EXECUTIVE COMMITTEE IN SPECIAL
SESSION CAN BE INSTRUMENTAL IN ENSURING THAT GOVERN-
MENTS CONTINUE TO PAY SUFFICIENT ATTENTION TO THESE
PROBLEMS WITH A VIEW TO MAINTAINING THE CREDIBILITY
OF OUR COMMITMENT TO PROMOTE CHANGE THROUGH
NEGOTIATIONS AND IT CAN GIVE THE NECESSARY IMPETUS
TO OVERCOME THE DIFFICULTIES WHICH HAVE ARISEN WITH
RESPECT TO SOME FUNDAMENTAL POINTS. WORK IN THE NEW
UN COMMITTEE OF THE WHOLE MAY ALSO REQUIRE CLOSE
COORDINATION AMONG INDUSTRIALIZED COUNTRIES.

FINALLY, THE LONG-TERM APPROACH TO NORTH-SOUTH
RELATIONS WILL CERTAINLY REQUIRE OUR FULL ATTENTION.
NOT ONLY WILL THE SECRETARIAT WELCOME GUIDANCE FROM THE
COMMITTEE ABOUT THE TYPE OF ISSUES AND INTERRELATION-
SHIPS WHICH WE WOULD WISH TO SEE ELABORATED IN AN
OVERALL STRATEGY (SEE PARAGRAPHS 13 AND 14 OF THE
ANNOTATED AGENDA) BUT WE WILL ALSO HAVE TO START
PREPARING OURSELVES FOR THE DEBATES WHICH WILL FOLLOW
THE PUBLICATION OF BOTH THE REPORTS BY THE WORLD
BANK AND BY THE BRANDT COMMISSION.

ONE LAST POINT ON THE PROCEDURE OF THE MEETING,
YOU MAY RECALL THAT AT THE HIGH-LEVEL CONFERENCE
ON YOUTH UNEMPLOYMENT THE CHAIRMAN INTRODUCED, WITH
VERY CONSIDERABLE SUCCESS, A SYSTEM WHEREBY SPEAKERS
WERE INVITED TO MAKE A STATEMENT OF NO MORE THAN FIVE
MINUTES DURATION. ANYONE WHO WISHED TO PRESENT HIS
VIEWS AT MORE LENGTH WAS INVITED TO TABLE THE TEXT
IN ADVANCE. AFTER EACH FIVE-MINUTE STATEMENT, THE
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CHAIRMAN INVITED DELEGATES AROUND THE TABLE TO INTER-
VENE FOR UP TO ONE MINUTE, TO COMMENT, QUESTION OR
ELABORATE UPON THE PREVIOUS STATEMENT. THIS WAS A
SUCCESSFUL EXPERIMENT, AND MINISTERS WERE ABLE TO
MAKE FULL USE OF THE DEVICE TO HAVE A LIVELY DEBATE.
I SHOULD LIKE TO SUGGEST THAT WE MIGHT FOLLOW THIS
FORMAT AT THE NEXT MEETING IN ORDER TO GIVE US GREATER
FLEXIBILITY AND PROVIDE THE ELEMENTS OF A TRUE DEBATE.
END TEXT
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